


Stafford County Economic Development & Tourism Department

MEMO

To: Jeff Harvey
From: John Holden 
Cc: Mike Smith
Date: April 12, 2021
Subject: UD5 Zoning and Economic Development Impact Estimates

I understand there were some questions regarding my economic impact estimates for the UD5 zoning change and development of the JPI and County properties under that new zoning scheme. First, I stand by my initial estimates but to answer questions, I consulted with the Stafford County Schools to better understand more how they estimate student “generation.” I then did some literature research (given the time I have) and would like to offer the following clarifications, points, and range of estimated impacts.

First let me re-emphasize some important points and assumptions and data of interest I found.

1. These estimates are for only the JPI (“Fountain Park”) and County property. The estimates are based on number of apartment units and number of bedrooms negotiated with JPI and then extrapolated to the County’s acreage. The extrapolation is the best data we have to demonstrate what may be developed on the County’s acreage.
2. The Schools use a “Student Generation Figure” (SGF) to estimate the number of students from a new development. I used the SGF for Multi-Family Units in my estimates below.
3. Note, *the SGF does not consider the number of bedrooms per unit. In my research and experience this matters.* The most succinct explanation is that with less bedrooms, there are fewer residents and children in the units. This is more accurate in market-rate apartments.
 - a. The National Association of Apartments cite a study that “working families” constitute only six percent of renters. A majority of renters were identified as individuals with no children.¹
 - b. A study by the Joint Center for Housing Studies at Harvard University found that “on average, 100 single-family owner-occupied houses include 51 school-age children. By contrast, apartments are attractive to single people, couples without children, and empty

¹ “RealPage examined 5.7 million individual lease transactions in a statistical analysis of actual renter characteristics such as age, income, number of adults per household, marital status and the presence of children or pets in the unit.” <https://www.naahq.org/news-publications/units/december-2018/article/today-renters-demographics>

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nesters, which is why 100 apartment units average just 31 children.² This is a 0.61 ratio “adjustment” or reduction in number of students in apartment units versus detached units. This ratio is similar to the ratio of actual students versus projected students at the Abberly apartment development (0.64)—the development I used in my initial analysis.

- c. The National Association of Home Builders reports that “multifamily developments with 20+ units have an average of 16.7 school age children per 100 units” (SGF = 0.167). Further, “multi-family units with one bedroom have only 7.7 children per 100 units (SFG = 0.077).”³
- d. Montgomery County Maryland Planning Department reported that multi-family “residential units [have] 1.4 students per every 10 units (SFG = 0.14).”⁴

My point in this research is that, as mentioned in my first Memo, ‘most planning and economic development research, *more dense mixed-use development results in more economic value per acre and less fiscal impact per acre*. Additionally, as part of the less fiscal impact per acre (or square foot), *more dense “urban” environments tend to favor households with less or no school aged children*.

The types of multi-family approved in Fountain Park and tentatively planned in the County acreage are those that generally generate modest number of students per unit. This is particularly the case, as the number of multiple bedroom units is limited or reduced— with a majority of one-bedroom units.’

The above stated, I have recalculated estimates of school-aged students in JPI and the County projects, using the SGF provided by Stafford Schools for Multi-Family Units (which does not account for or adjust for number of bedroom units). Using the research, I found, I offered an “adjusted” estimate that attempts to account for students per number of bedrooms per unit.

I have not adjusted the revenue assumptions, repeated here, ***with added emphasis***.

Assumptions--Revenues

These estimates are based on potential jobs, using industry averages, per square foot by type of development (office, retail, eating\drinking). Further, I considered the potential real estate investment and thus revenues per square feet of non-residential development. I also consider the real estate revenue per unit of comparable residential units in the vicinity. With input from the COR Office, I have conservative estimates based on “other” tax revenue including business personal property and meals taxes. ***I did not account or estimate additional sales tax. Nor did I estimate any potential tourism occupancy tax.*** There is no plan for lodging in Fountain Park, but I would encourage the County and its prospective private partner to consider a boutique hotel on the County’s 28 acres. Such a hotel may make sense on the

² Obrinsky and Stein, March 2007, https://www.ichs.harvard.edu/sites/default/files/rr07-14_obrinsky_stein.pdf

³ Ford, Carmel; Economics and Housing Policy, National Association of Home Builders, <https://www.nahbclassic.org/generic.aspx?genericContentID=255505&fromGSA=1>

⁴ Anderson, Casey, <https://montgomeryplanning.org/blog-design/2019/02/schools-and-growth-part-two-student-generation-rates-and-children-who-live-in-apartments/>

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County's parcel, but that again has different investment and employment per square foot estimates. Suffice it to say, a mid-to high-end lodging brand will generate additional tourism occupancy tax revenue.

All of these estimates are very conservative. Additional tax revenue would be expected from higher uses that generate additional sales. For example, I have not added estimates for revenue generated by the non-commercial uses such as a Stafford Museum and Cultural Center. Although there will most likely be additional revenue, the estimates provided here are intentionally conservative.

Revised School-Aged Students, Costs, and Net Revenue

Using the following:

1. Total number of units = 939⁵
2. Costs per Student = \$10,508 (confirmed by Stafford Schools, I used \$10,245 previously)
3. Using an SGF of 0.23 (rounded up from 0.227, provided by Stafford Schools) = 232 students⁶
 - a. I revised my figures to account for 22 townhouse and 651 multifamily units on County acres.
4. Estimated student costs of \$2.4M
5. Using same conservative tax revenue of \$2.9M
6. Net positive tax revenue of \$480,000

Based on the above and the research regarding number of students generated by number of bedrooms per unit, I offer and adjusted count of students based on:

1. Total number of units = 1,039⁷
2. Costs per Student = \$10,508 (confirmed by Stafford Schools, I used \$10,245 previously)
3. Total number of students adjusted based on number of bedrooms = 221⁸
 - a) 0.06 students per 1-bedroom units = 39
 - b) 0.406 students per 2 -bedroom units = 127
 - c) 1.09 students per 3- bedroom units = 55
4. Estimated student costs of \$2.5M
5. Using same conservative tax revenue of \$2.9M
6. Net positive tax revenue of \$600,000

Again, the above do not include likely sales or tourism occupancy taxes.

⁵ This figure matches updated analysis by Planning Staff based on the GDP in is less than my initial estimate and is the major factor in increasing the net positive tax revenue in this revised analysis.

⁶ I rounded the SGF to two decimal places (higher) and thus there is rounding error compared to Planning Staff.

⁷ In this approach, I used the higher number of units (1,039).

⁸ This assumes the same ratio of bedroom units on the County acres as approved for JPI acres by BOS

Conclusion and Bottom Line Summary

- The rezoning and development of JPI “Fountain Park” and the County 28-acres are the catalytic economic development project to create a new, long planned and desired Downtown Stafford.
- The development of Fountain Park is defined by the MOU and has a majority of one- and two-bedroom units that most research and evidence suggests generates less than 0.23 student per unit.
- Even at the 0.23 SGF the estimated net taxes generate will more than cover the costs of those new students to Stafford Schools (noting that the estimated tax revenues do not include sales or tourism occupancy taxes).
- All the analytics and data aside, Stafford has long desired and now has the opportunity to proceed with the development of a “Place” called Downtown Stafford.

Much of Economic Development is about the message sent to prospective partners and developers. We have negotiated and the Board has approved a development agreement with JPI for Fountain Park. The advancement of Fountain Park and the Stafford County Property as a Downtown UD5 zone will provide the County a “Place” to identify as Stafford and will bring enormous community and economic development opportunities. Approving the rezoning informs the development community that Stafford is ready to move forward and wants this type of urban development called for in the Comprehensive Plan.

The partnership with CIT is an example of the benefits of taking proactive steps such as the JPI Agreement and the UD5 zoning. Without the forward-thinking vision and economic development “tools” (zoned sites) we would not have secured the CIT partnership for the Virginia Smart Community Testbed. That partnership has generated tremendous positive messaging, drawn the attention of technology companies, and millions of dollars in research and development in and for Stafford County. There are several other Northern Virginia Counties that are desirous of that designation for all the positive messaging and investment it attracts.

Staff recommends approval of the ordinance, Comprehensive Plan change and rezoning to keep this important project moving forward.